



JOINT-STOCK FINANCIAL CORPORATION
SISTEMA

Sistema PJSFC Financial Results 3Q 2019

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DISCLAIMER



Certain statements in this presentation may contain assumptions or forecasts in respect to forthcoming events within Sistema PJSC or its portfolio companies. The words “expect”, “estimate”, “intend”, “will”, “could” and similar expressions identify forward-looking statements. We wish to caution you that these statements are only predictions and that actual events or results may differ materially. We do not intend to update these statements to reflect events and circumstances occurring after the above-mentioned date or to reflect the occurrence of unanticipated events. Many factors could cause Sistema’s actual results to differ materially from those contained in our projections or forward-looking statements, including, among others, deteriorating economic and credit conditions, our competitive environment, risks associated with operating in Russia, rapid technological and market change in our industries, as well as many other risks specifically related to Sistema and its operations.



FINANCIAL REVIEW

SUSTAINED GROWTH OF PORTFOLIO COMPANIES AND DEBT REDUCTION AT THE CORPORATE CENTRE



Strong results of portfolio companies

- **Revenue growth** in 3Q 2019 of 6.6%¹, primarily driven by results of public assets (MTS and Detsky Mir) as well as Steppe, Medsi and Business Nedvizhimost.
- **Adj. OIBDA growth** in 3Q 2019 of 4.4% year-on-year due to contributions from public assets (MTS and Detsky Mir) as well as Medsi and Business Nedvizhimost.

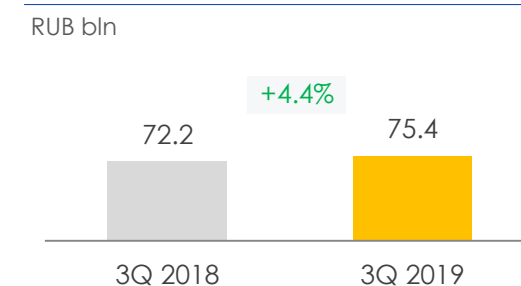
Key events in 3Q 2019 and after the reporting period

- Consolidation of 100% of Leader Invest into Etalon Group to **create a leading residential real-estate developer** in Moscow and St Petersburg.
- **Merger of assets and expanded presence in the pharmaceuticals business:** acquisition of stakes in Sintez and Biocom, and completion of the merger of OBL Pharm and Binnopharm into the Alium pharma holding. Sistema holds an effective stake of 26.3% in Alium.
- **Reduction** of net financial liabilities at the Corporate Centre to RUB **199.0 bln.**
- Launch of a **share buyback programme** in the amount up to **RUB 3 bln.** The programme will run until 29 February 2020 at the latest.
- **Successful placement of Detsky Mir shares, with the proceeds of 12.5 bln** in November 2019. Sistema and the Russia-China Investment Fund (RCIF) sold 175 mln shares for RUB 15.9 bln (RUB 91 per share). **Sistema's equity stake in Detsky Mir has been reduced to 33.4%.**

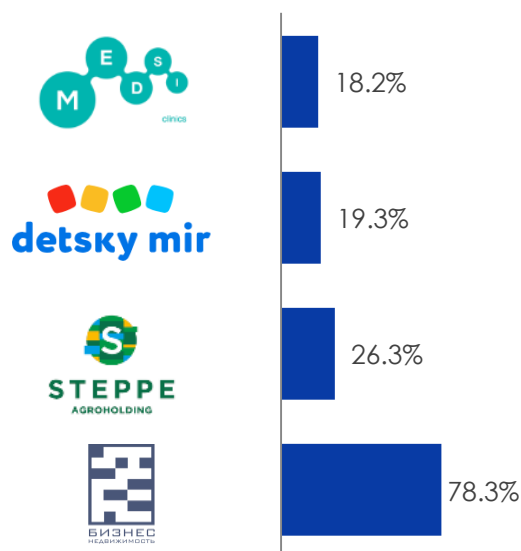
Consolidated revenue



Adj.² OIBDA



Fastest-growing assets in 3Q 2019 (by revenue, YOY)



Net financial liabilities at Corporate Centre^{3,4}



¹ Here and hereafter results for 3Q 2019 and 9M 2019 are presented to reflect the reclassification of assets of Leader Invest and RTI's microelectronics business as discontinued operations.

² Here and hereafter please see Appendix A of the press release on 3Q 2019 financial results.

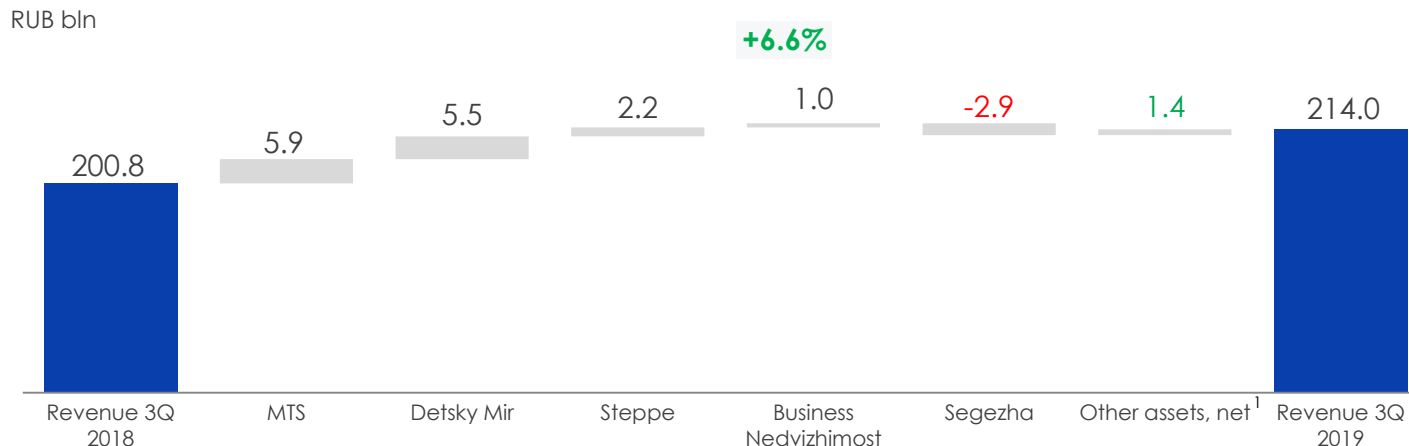
³ Source: Management accounts

⁴ Total borrowings, liability to Rosimushchestvo net of interest, finance lease less cash at the Corporate Centre level

FINANCIAL REVIEW



Revenue

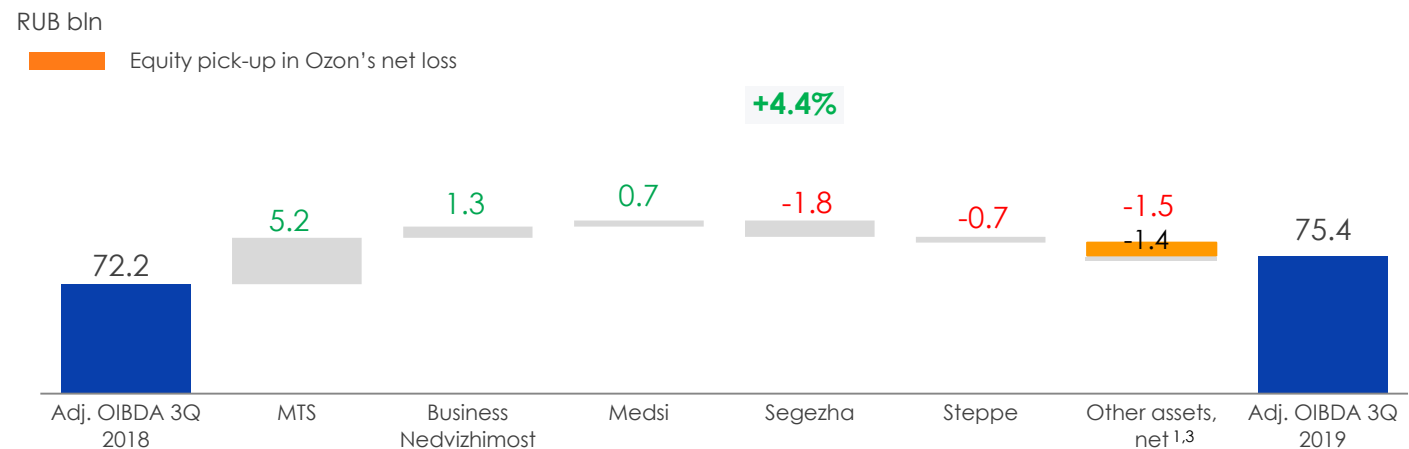


MTS: positive mobile service revenue dynamics in Russia and Ukraine, as well as higher revenue from systems integration services and the contribution from MTS Bank

Detsky Mir: significant growth in LfL sales in Russia and Kazakhstan, ramp-up to full operating capacity of stores opened in 2017-2018

Segezha Group: significant reduction in revenue and OIBDA amid a negative pricing environment for key products on global markets. The decline in OIBDA was partially offset by efforts to reduce costs and increase operational efficiency

Adj. OIBDA^{2,3}



Steppe: sales growth in the Field Crop and Vegetable segments, growth in milk sales volumes and prices in the Dairy segment, as well as development of the Sugar and Grocery Products Trading segment; OIBDA decrease impacted by a decline in global grain prices

Medsi: significant growth in revenue across all channels: individuals, VHI and MHI; strong OIBDA growth due to growth in revenue as well as a result of participation in the Michurinsky project

Business Nedvizhimost: increase in commercial real estate sales and expansion of the rental portfolio

¹ Dynamics of other assets reflect inter alia growth of revenue at Medsi of RUB 0.8 bln

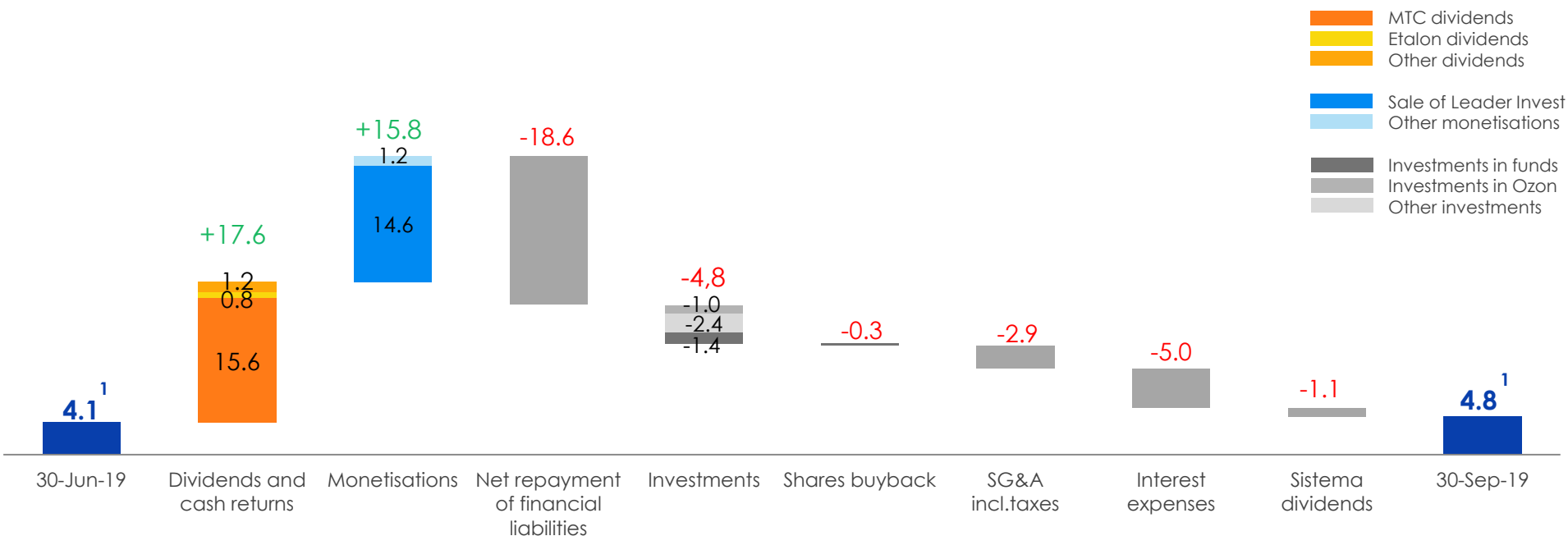
² Numbers may not add up due to rounding

³ Group OIBDA was impacted by reflection of Sistema's share in Ozon's net loss increase of RUB 1.4 bln

CASH FLOWS AT THE CORPORATE CENTRE



RUB bln



Main cash inflows in 3Q 2019 were due to dividend payments by MTS (RUB 15.6 bln) and Etalon Group (RUB 0.8 bln), the sale of 49% of Leader Invest (RUB 14.6 bln), as well as other dividends and cash returns from assets.

The change in overall financial liabilities was due to the placement of series 001P-11 bonds (RUB 10 bln), the repurchase through a public tender offer of series 001P-08 bonds (RUB 15 bln), repayment of RUB 3.7 bln under a liability to Rosimuschestvo, as well as the redemption of RUB-denominated bank loans.

Major investments in 3Q 2019 included a convertible loan to Ozon of RUB 1.0 bln as part of the shareholder strategy, investments in pharmaceuticals assets, as well as investments made via Sistema's funds platform.

Interest expenses were driven by interest payments on loans and coupon payments on local rouble bonds.

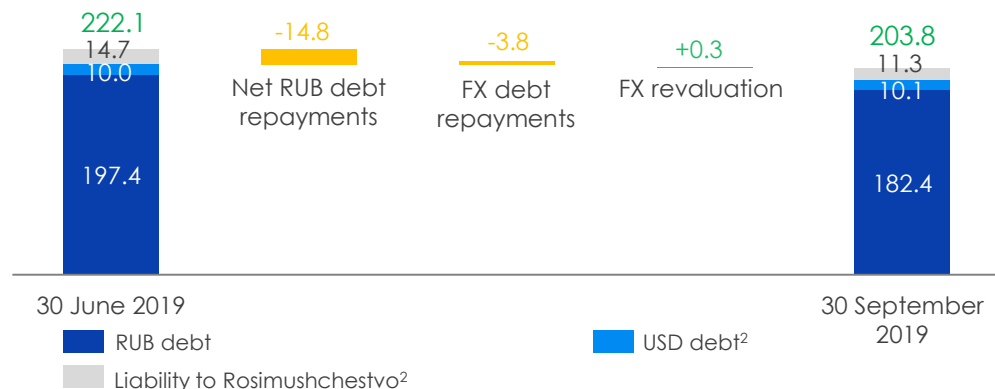
In 3Q 2019 the Corporation also paid dividends for FY 2018 of RUB 1.1 bln and bought back its own shares totalling RUB 0.3 bln under the share buyback programme.

¹ Source: Management accounts. Numbers may not add up due to rounding

CORPORATE CENTRE'S FINANCIAL LIABILITIES



Corporate Centre's financial liabilities, RUB bln¹

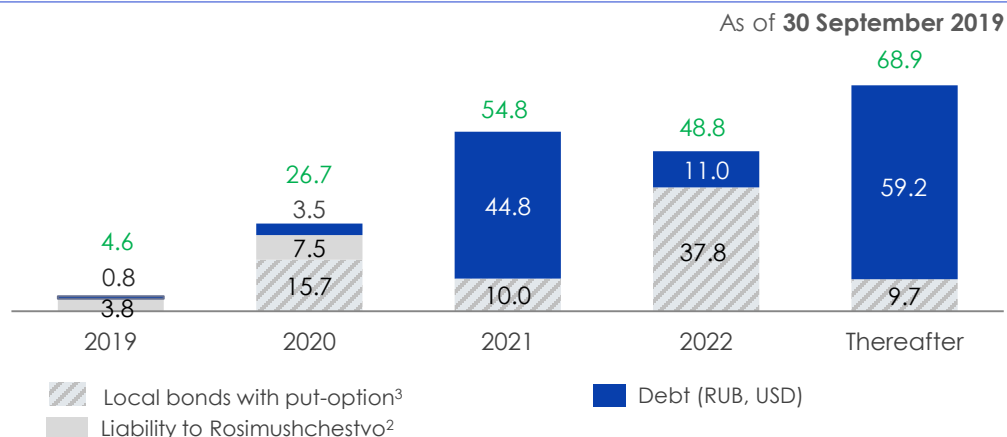


Active presence on the local capital market allowed Sistema to **extend the maturity profile** of its debt portfolio and establish a **comfortable repayment schedule**

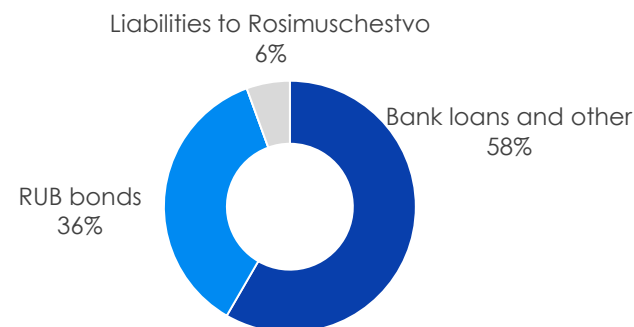
In 3Q 2019 the Corporation reduced financial liabilities by **8.2%** to **RUB 203.8 bln**.

As of 30 September 2019, rouble-denominated borrowings represent approximately **95% of liabilities** at the Corporate Centre.

Comfortable repayment schedule



Structure analysis¹



¹ Here and hereinafter the Corporate Centre's financial liabilities are presented based on management accounts

² In charts as of the end of the third quarter 2019, FX debt and the USD-denominated liability to Rosimushchestvo for shares of SSTL net of interest are presented at the RUB/USD exchange rate as of 30 September 2019. USD-denominated debt includes financial leases

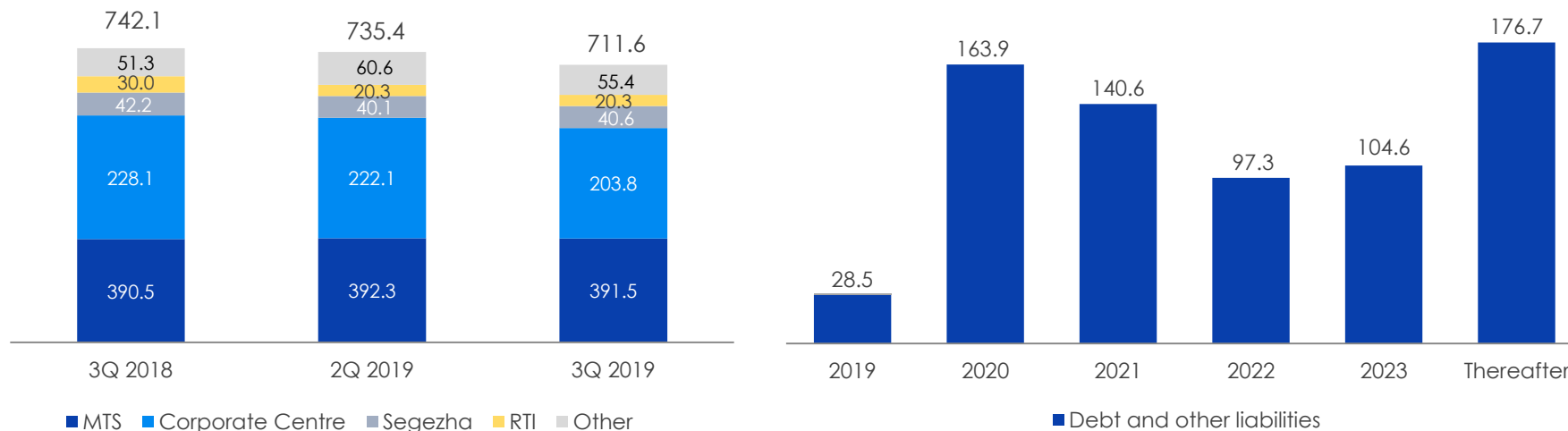
³ RUB bonds 001P-04 and 001P-05 expiring 2020; 001P-07 expiring 2021, 001P-01, 001P-06, 001P-09, 001P-10 expiring 2022; 001P-11 expiring 2023; 001P-08 expiring 2024.

CONSOLIDATED FINANCIAL LIABILITIES



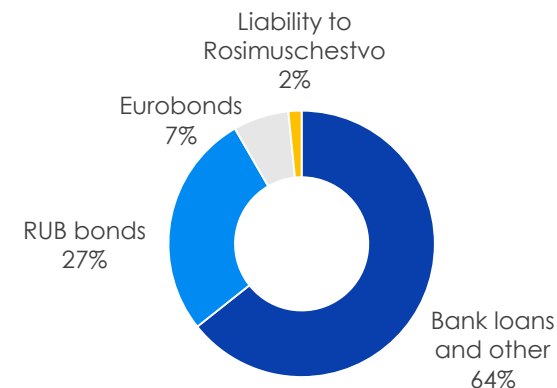
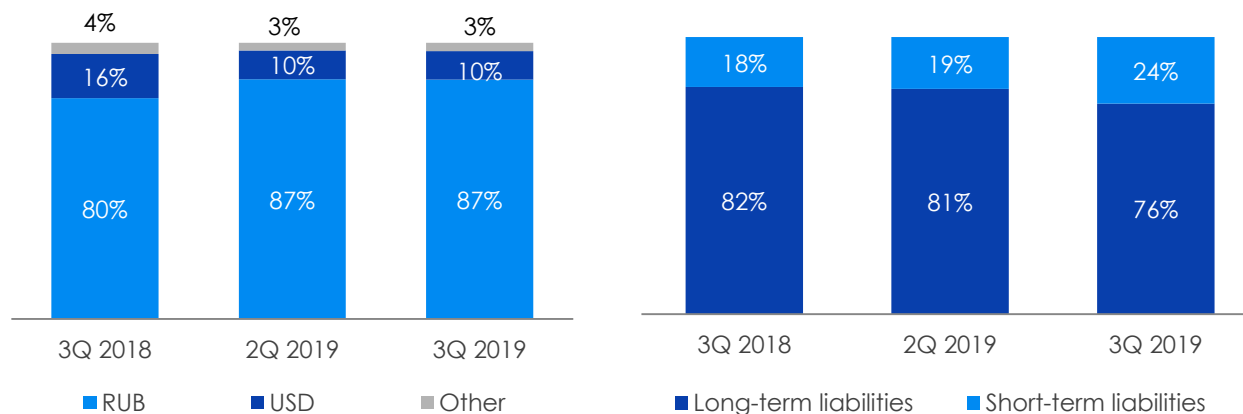
Consolidated financial liabilities^{1,2}: composition by borrower and maturity profile

RUB bln



Structure analysis²

RUB bln



¹ Including financial liabilities at the Corporate Centre, financial leases and total borrowings at portfolio companies in accordance with IFRS.

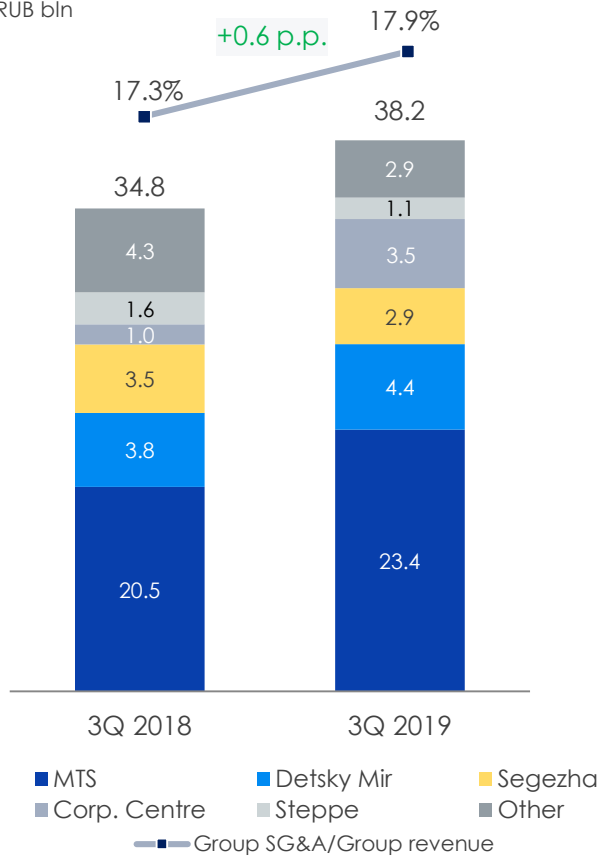
² Management accounts data is presented as of 30 September 2019

SG&A EXPENSES



Group SG&A expenses

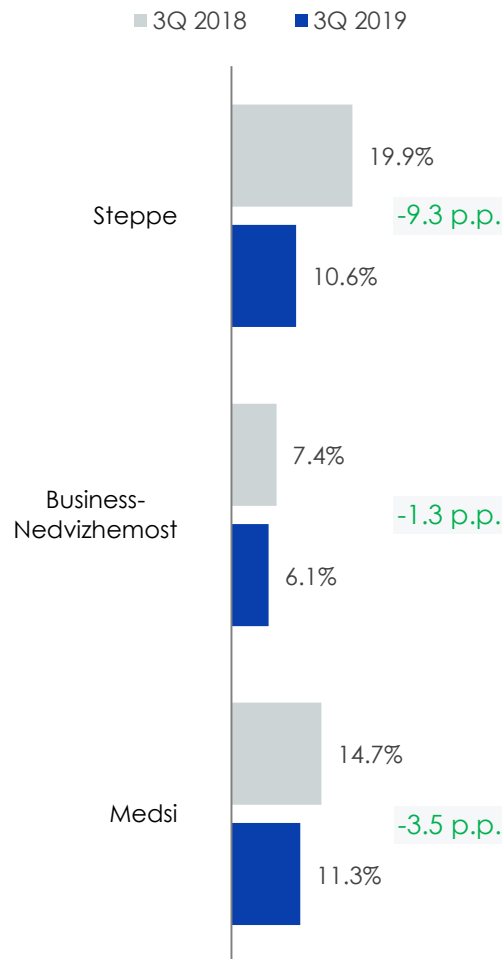
IFRS, RUB bln



In 3Q 2019, the SG&A/revenue ratio increased by **0.6 p.p.** year-on-year to **17.9%**, primarily as a result of increased SG&A at the Corp Centre.

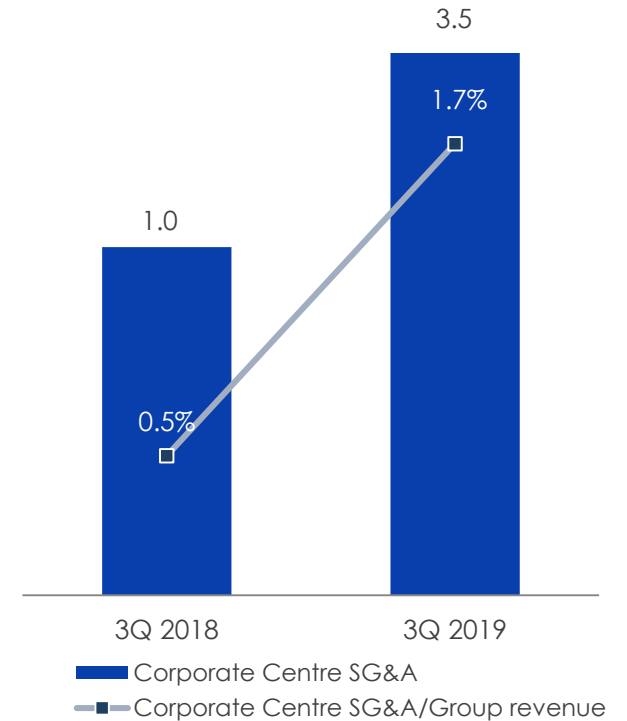
SG&A expenses: portfolio companies

Decrease in SG&A/revenue



SG&A expenses: Corporate Centre¹

RUB bln



Corp Centre SG&A/Group revenue ratio increased in 3Q 2019 year-on-year as a result of higher expenses at the Corporate Centre level on the back of monetisation of assets.

¹Source: Management accounts



KEY PORTFOLIO ASSETS

MTS: STRONG GROWTH RATE AND IMPROVED OUTLOOK FOR FY 2019



RUB bln	3Q 2019	3Q 2018	YoY	9M 2019	9M 2018	YoY
Revenue	133.9	128.0	4.6%	377.1	350.2	7.7%
OIBDA	63.6	58.4	8.8%	176.3	163.9	7.6%
OIBDA margin	47.5%	45.6%	1.8 p.p.	46.8%	46.8%	(0.0) p.p.
Adj. net profit ¹	9.2	9.4	(1.8%)	22.6	24.2	(6.6%)
Net debt ²	339.0	289.3	17.2%	339.0	289.3	17.2%
Capex	22.0	21.2	4.0%	61.3	60.9	0.7%

Revenue in 3Q 2019 **increased** primarily due to continued growth of mobile service revenue in Russia and Ukraine, as well as higher revenue at MTS Bank and from systems integration services.

OIBDA **increased** due to strong MTS Group results across all geographies, with the largest contribution coming from the businesses in Russia and Ukraine. The OIBDA margin improved due to positive dynamics in mobile service revenue and reduction in the share of revenue from retail sales.

Adj. net profit **declined slightly** primarily due to increased interest payments.

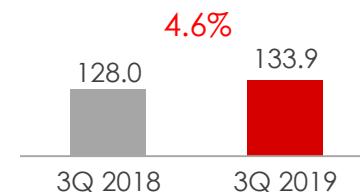
Outlook for FY 2019 MTS forecasts **revenue** growth of **6-7%** and **OIBDA** growth of **4-5%**.

High dividend payout In March 2019, MTS's Board of Directors approved a new dividend policy for 2019-2020, under which the company plans to pay out no less than **RUB 28.0** per ordinary share per calendar year (**RUB 56 per ADR**). Payments will be made on a semi-annual basis. In November 2019, MTS completed payment of dividends for the first half of 2019 of **RUB 8.68** per share (**RUB 17.36 per ADR**).

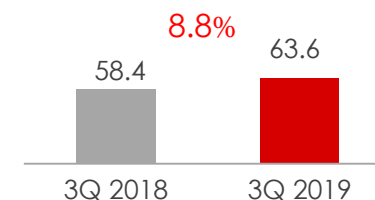
Digital strategy In October 2019, MTS's Board of Directors approved a **new MTS Group strategy** titled **CLV 2.0 ("Customer Lifetime Value")** for 2020-2022. The primary focus of the new strategy is the creation of an ecosystem of digital services around MTS clients, as well as maintaining a leading position in the Russian telecommunications market.

Focus on key markets In November 2019, MTS signed a binding agreement to sell its telecommunications operations in Ukraine. On 23 November 2019, the MTS Board of Directors recommended to the Extraordinary General Meeting of shareholders to be held on 30 December 2019 to approve a special dividend in the amount of **of RUB 13.25 per share (RUB 26.50 per ADR)** based on the Company's performance in the first nine months of 2019 and taking into consideration the planned sale of the telecommunications operations in Ukraine.

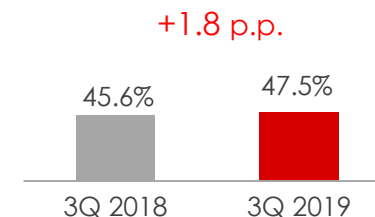
REVENUE, RUB bln



OIBDA, RUB bln



OIBDA margin, %



¹Here and hereafter net profit is presented in Sistema's share.

²Here and hereafter net debt includes financial leasing.

DETSKY MIR: ACCELERATION OF REVENUE GROWTH AND INCREASED DIVIDEND PAYOUTS



RUB bln	3Q 2019	3Q 2018	YoY	9M 2019	9M 2018	YoY
Revenue	34.0	28.4	19.3%	89.8	76.6	17.3%
Adj. OIBDA	6.3	5.8	9.3%	16.3	14.3	13.8%
Adj. OIBDA margin	18.7%	20.4%	(1.7) p.p.	18.1%	18.7%	(0.6) p.p.
Adj. net profit	1.2	1.3	(9.5%)	2.3	1.9	18.5%
SG&A/revenue	12.7%	12.9%	(0.2) p.p.	13.4%	14.0%	(0.6) p.p.
Net debt	20.2	16.1	25.1%	20.2	16.1	25.1%
Like-for-like growth ¹	10.7%	4.1%	6.6 p.p.	8.2%	5.2%	3.0 p.p.
Traffic growth	9.6%	5.4%	4.2 p.p.	8.8%	7.7%	1.1 p.p.
Average ticket growth	1.0%	(1.3%)	2.3 p.p.	(0.5%)	(2.3%)	1.8 p.p.
Capex	1.0	0.6	65.4%	2.6	1.3	100.1%

Revenue

grew by **19.3%** year-on-year driven by stronger growth in like-for-like sales in Russia and Kazakhstan, as well as by the ramp-up of stores opened in 2017-2018 to full operating capacity. Revenue from online sales rose by **64.5%**² year-on-year and accounted for **10.4% of total revenue in Russia for the period**.

Adj. OIBDA

increased by **9.3%** year-on-year due to robust revenue performance and a focus on increasing operational efficiency. The company continued to focus on pricing with the goal of increasing customer traffic and accelerating market consolidation.

Retail network

22 new Detsky Mir stores were opened in 3Q 2019. Detsky Mir **plans to open no fewer than 100 stores** in 2019, an increase over previously announced plans to open 90 new stores.

E-commerce growth

In October 2019, the company launched overnight delivery of online orders from its retail stores in Russia's 30 largest cities and towns for RUB 99. As part of its efforts to expand the offering of its online store from 50,000 SKUs to 250,000 SKUs in the medium term, Detsky Mir plans to launch a pilot version of its marketplace in the Clothes and Shoes category in 2020.

Net debt

grew to RUB 20.2 bln due to capex related to the construction of the Bekasovo-2 warehouse and opening of the flagship store in Moscow.

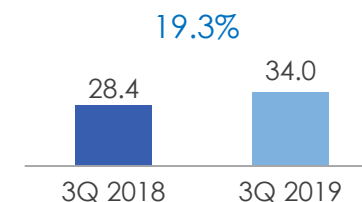
Dividends

In November 2019, the Board of Directors recommended that an Extraordinary Annual General Meeting to be held on 6 December 2019 approve an **interim dividend** for 9M 2019 of **RUB 3.7 bln**, or **RUB 5.06 per ordinary share**.

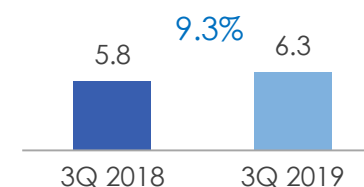
SPO

In November 2019, Sistema, together with the Russia-China Investment Fund (RCIF,) placed 175 mln Detsky Mir shares for **RUB 15.9 bln (RUB 91 per share)**. As a result of the transaction, **Sistema** and RCIF ownership stakes in Detsky Mir amounted to **33.4%** and 9.0%, respectively.

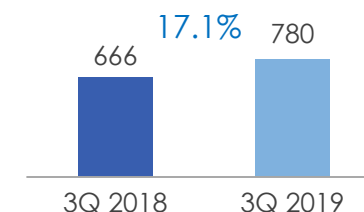
REVENUE, RUB bln



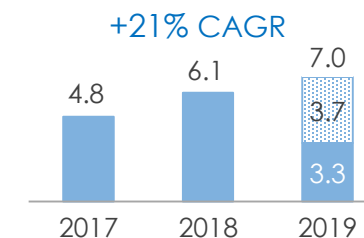
ADJUSTED OIBDA, RUB bln



NUMBER OF STORES³



DIVIDENDS⁴, RUB bln



¹Like-for-like (LFL) growth in RUB terms. LFL growth includes only Detsky Mir stores in Russia and Kazakhstan that have been operational for at least 12 full calendar months

²This segment consists of online orders via www.detsky.ru, including with in-store pickup at Detsky Mir stores.

³Number of Detsky Mir stores, including ELC, ABC and Zoozavr, as of the end of 3Q 2018 and 3Q 2019, respectively.

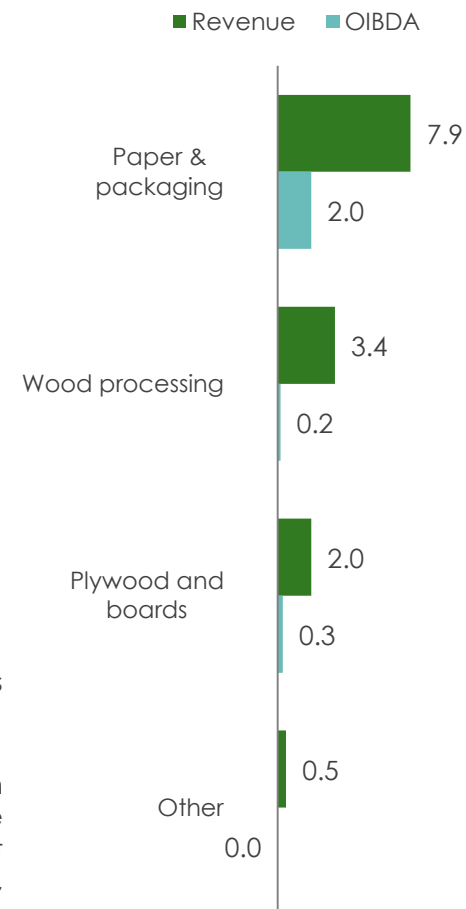
⁴Total dividends paid in the calendar year. RUB 3.7 bln to be paid in 2019 pending approval at the EGM on 6 December 2019.

SEGEZHA GROUP: SUBDUED FINANCIAL PERFORMANCE AS A RESULT OF A WEAKER GLOBAL SALES ENVIRONMENT



RUB bln	3Q 2019	3Q 2018	YoY	9M 2019	9M 2018	YoY
Revenue	13.7	16.7	(17.5%)	43.7	42.0	4.1%
Adj. OIBDA	2.5	4.3	(42.3%)	10.2	9.1	12.7%
Adj. OIBDA margin	18.0%	25.7%	(7.7) p.p.	23.4%	21.6%	1.8 p.p.
Adj. net profit/(loss)	0.2	0.5	(51.6%)	4.3	(0.8)	n/a
Net debt	38.0	38.9	(2.3%)	38.0	38.9	(2.3%)
Capex	1.6	1.8	(13.7%)	4.2	4.8	(12.1%)
FX-denominated rev.	67.8%	73.7%	(5.9) p.p.	70.0%	71.1%	(1.1) p.p.
Own consumption	74.1%	62.7%	11.4 p.p.	73.0%	57.2%	15.8 p.p.
Total forestry, thsd cu m	1147.5	1103.0	4.0%	1,102.6	3,260.0	(66.2%)

Revenue and OIBDA by segment in 3Q 2019, RUB bln



Revenue The main driver of the revenue decrease in 3Q 2019 was a **decline in prices and sales volumes** amid negative market conditions. At the same time, despite a significant decline in plywood prices, revenue from plywood sales grew year-on-year due to an increase in production following the commissioning of **new production capacity** in the Kirov region in July 2018, as well as a higher share of high-margin products in the sales mix.

Adj. OIBDA **decreased** year-on-year in 3Q 2019 **on the back of lower revenue** and due to the rescheduling to 3Q 2019 of an equipment overhaul at Segezha Pulp & Paper Mill. The decline in OIBDA was partly offset by efforts to reduce costs and increase operational efficiency (including a reduction in costs of goods sold and optimisation of SG&A).

Adj. net profit **amounted to RUB 0.2 bln** in 3Q 2019 vs. adjusted net profit of RUB 0.5 bln in 3Q 2018. This decrease was due to the decrease in operating profit.

Business expansion In Q4 2019, Segezha plans to commission a new Windmoller & Hoelscher **paper sack production line** in Salsk, Rostov region, with capacity of **80 mln paper sacks per year**. It also plans to complete the assembly of the third press granulator at its pellet production facility in Lesosibirsk, which should allow it to **increase pellet production volume from 70,000 to 100,000 tonnes per year**. By the end of 2019, Segezha Group plans to start on the construction of a new plywood plant in Galich, Kostroma region, with the first stage expected to be completed at the end of 2021. With the commissioning of the new plant, Segezha Group expects to **increase production of birch plywood to 300,000-320,000 cu m per year**. Investment in the project is estimated at RUB 10 bln.

SEGEZHA GROUP: SALES PERFORMANCE IMPACTED BY REDUCTION IN PRICES



Trends across key segments

Sack paper

In 3Q 2019, Segezha Group produced 88,300¹ tonnes of paper, down 10.9% year-on-year. This decrease was due to the rescheduling of an annual maintenance shutdown to 3Q 2019, while in 2018 the repairs were carried out in 2Q. In 3Q 2019, Segezha's sack paper sales decreased by 14.4% year-on-year to 51,000 tonnes due to lower production volumes.

Paper sacks

In 3Q 2019, paper sack sales totalled 342 mln. Production volumes in the reporting quarter were in line with volumes in the same period a year earlier. In Russia and Europe, Segezha managed to increase the average sales price for its products, which was partly offset by strengthening of the rouble against the euro.

Plywood

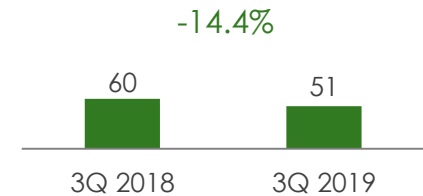
Birch plywood sales volumes increased by 59.9% year-on-year to 48,300 cu m in 3Q 2019. Output growth was driven by the launch of the new plywood production facility in the Kirov region in July 2018. Segezha significantly expanded its footprint in the high-margin markets of Europe and the Americas, as well as continued to increase the share of industrial end clients.

Sawn timber

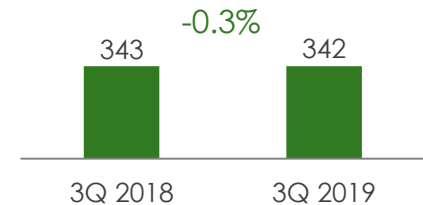
In 3Q 2019, sawn timber output amounted to 277,700 cu m, which was in line with 3Q 2018. A significant volume of unsold sawn timber will be sold and reflected in revenue in 4Q 2019.

Sales

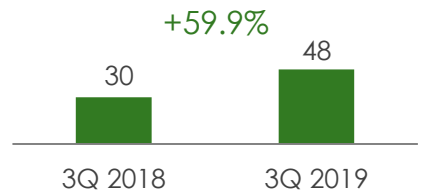
PAPER¹, thsd tonnes



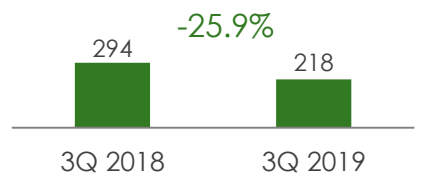
PAPER SACKS², mln



PLYWOOD, thsd cu m



SAWN TIMBER, thsd cu m

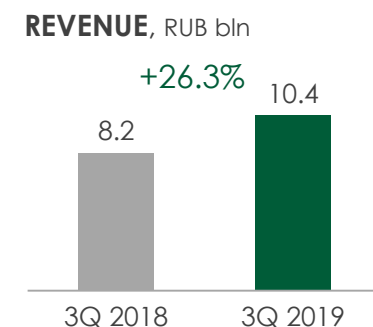


¹ 34% of paper output was delivered to the company's own conversion facilities for producing paper packaging
² Including 18.6 mln consumer paper bags

STEPPE: REVENUE INCREASE ON THE BACK OF HIGHER GROSS HARVEST AND EXPANSION IN GROCERY PRODUCT TRADING



RUB bln ¹	3Q 2019	3Q 2018	YoY	9M 2019	9M 2018	YoY
Revenue	10.4	8.2	26.3%	21.4	14.5	47.0%
OIBDA	1.3	1.9	(34.4%)	3.7	4.7	(21.6%)
OIBDA margin	12.2%	23.5%	(11.3) p.p.	17.3%	32.5%	(15.2) p.p.
Net profit	(0.0)	0.7	n/a	0.7	2.1	(66.3%)
Net debt	21.4	15.8	35.2%	21.4	15.8	35.2%
Capex	0.5	0.4	22.9%	1.2	1.0	15.3%

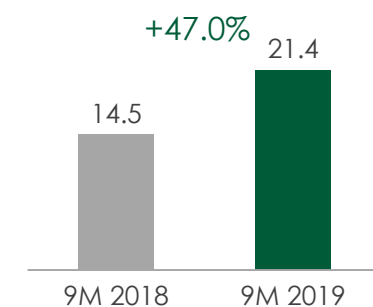


Key highlights

In 2019, Agroholding Steppe significantly increased its gross crop yield and benefited from high quality grains, as well as a record high gross apple yield.

Revenue

increased year-on-year in 3Q 2019 due to sales growth in the Field Crop and Orchards segments, growth in milk sales volumes and prices in the Dairy segment, as well as rapid growth in the Sugar and Grocery Trading segment. Year-on-year revenue dynamics were impacted by lower global grain prices, with improvement in prices expected in 4Q 2019.



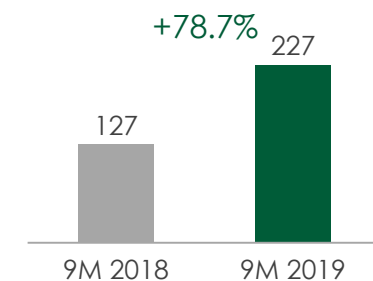
OIBDA

in 3Q 2019 **decreased year-on-year** due to the impact of lower global grain prices as well as the revaluation of biological assets, which was partly offset by improved performance of key business segments.

CAPEX

in 3Q 2019 **amounted to RUB 0.5 bln**. Key areas of investment were the construction of new dairy farms, gradual buyout of land shares and increasing the proportion of owned land in Steppe's overall landbank, as well as upgrades to Steppe's fleet of farm machinery.

SUGAR & GROCERY PRODUCT TRADING, thsd tonnes



Net debt

grew year-on-year in 3Q 2019 due to inventory build-up in the Agrotrading and Sugar and Grocery Product Trading segments, as well as due to capital expenditure in 2019.

¹ RZ Agro is accounted for as an investment in a joint venture in Agroholding Steppe's IFRS financial statements..

STEPPE: GROWTH OF THE GROSS HARVEST, RISE IN EXPORTS AND STRONG PERFORMANCE OF DAIRY SEGMENT

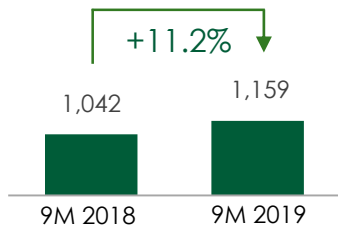


Field crops

Land bank
412 thsd hectares

WHEAT HARVEST¹

thsd tonnes

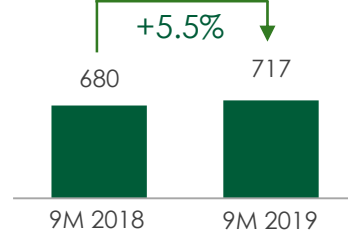


Agrotrading

Crop exports in 9M 2019
717 thsd tonnes

EXPORTS

thsd tonnes

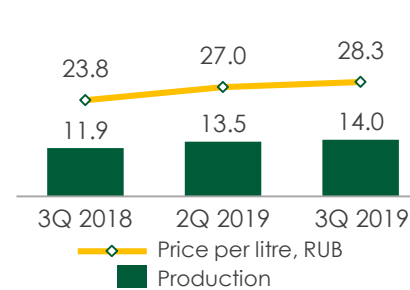


Dairy

Dairy herd
≈ 5,446 cows

MILK PRODUCTION

thsd tonnes

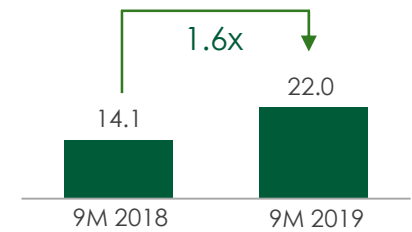


Orchards

Orchards area
780 hectares

APPLE HARVEST

thsd tonnes



Field crops

Gross harvests of Steppe's key crops **grew by 11.2%** year-on-year in 2019. Despite challenging agroclimatic conditions, Steppe managed to achieve high quality of grains and to increase yields of high-margin crops.

Agrotrading

Export volumes in the Agrotrading segment in 9M 2019 amounted to 717,000 tonnes (**+5.5% year-on-year**), which enabled Steppe to become a **TOP-8 Russian grain exporter** as of the beginning of 2019/2020 grain season in 3Q 2019.

Dairy

The Dairy segment **reported solid growth** across operational metrics: gross milk yield in 3Q 2019 amounted to 14,000 tonnes (+17.7% year-on-year), while productivity per cow rose 5.3% year-on-year and the herd consisted of over 5,500 cows at the end of the reporting period.

Orchards

The Orchards segment **delivered record yield** of 22,000 tonnes (1.6x year-on-year), while apple quality was at high levels.

Sugar and grocery trading

Sales volumes in the Sugar and Grocery Trading segment **experienced significant growth** in 9M 2019 and amounted to 227,000 tonnes (+79% year-on-year).

¹ Including Agroholding Steppe and RZ Agro, actual harvest as at 30 September 2019

MEDI: GROWTH OF FINANCIAL METRICS SUPPORTED BY STRONG PERFORMANCE ACROSS ALL SEGMENTS



RUB bln	3Q 2019	3Q 2018	YoY	9M 2019	9M 2019	9M 2019
Revenue	5.4	4.6	18.2%	16.1	12.2	32.1%
Adj. OIBDA ¹	1.5	0.8	81.1%	4.0	1.9	115.6%
Adj. OIBDA margin ¹	28.2%	18.4%	9.8 p.p.	25.1%	15.4%	9.7 p.p.
Adj. net profit ¹	0.8	0.2	275.5%	1.9	0.1	2937.6%
Net debt	2.7	1.7	56.8%	2.7	1.7	56.8%
Capex	1.1	0.6	96.6%	2.9	1.8	59.8%
Patient visits, thsd	2,330	2,046	13.9%	7,016	6,148	14.1%
Services provided, thsd	4,165	3,491	19.3%	12,731	10,376	22.7%
Average ticket, thsd RUB	2.3	2.2	3.7%	2.3	2.0	15.7%

Revenue

increased in 3Q 2019 year-on-year due to **a significant increase in revenue across all channels:** the Voluntary Health Insurance segment (VHI) grew to RUB 2.1 bln (+26% year-on-year), the individual patients segment rose to RUB 1.5 bln (+20% year-on-year), and the Mandatory Health Insurance segment (MHI) increased to RUB 1.5 bln (+12% year-on-year).

Adjusted OIBDA

increased in 3Q 2019 due to growth in revenue, as well as a result of participation in a joint venture with Capital Group, the Michurinsky Project LLC, which is developing the Nebo business class residential project on Michurinsky Prospect (+RUB 0.5 bln in 3Q 2019 and +RUB 1.0 bln in 9M 2019 year-on-year). **The adjusted OIBDA margin** grew in 3Q 2019 year-on-year backed by growth in capacity utilisation, an increase in efficiency per sq m and growth of treatment volumes at previously opened clinics as well as the effect from participation in the Michurinsky Project joint venture.

Adjusted net profit

grew in 3Q 2019 year-on-year mainly due to the growth in OIBDA.

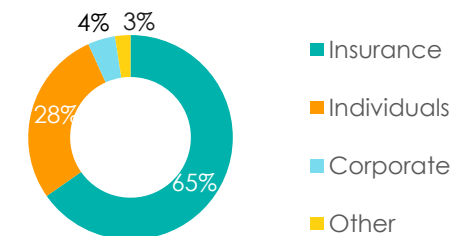
Key highlights

Construction of a new Multifunctional Centre on Michurinsky Prospect with an area of over 34,000 sq m is ongoing, with the launch planned for 2020. The facility will house a CDC for children and adults, a daytime in-patient clinic and a 24-hour in-patient clinic with a centre for high-tech surgery.

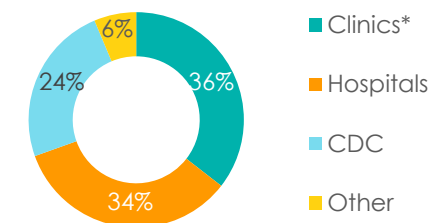
Medsi is expanding its network of out-patient clinics in five districts outside central Moscow.

Revenue, 3Q 2019

By clients



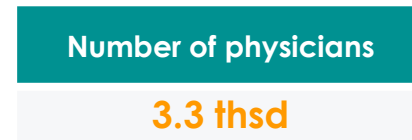
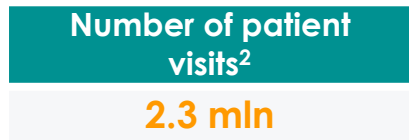
By assets



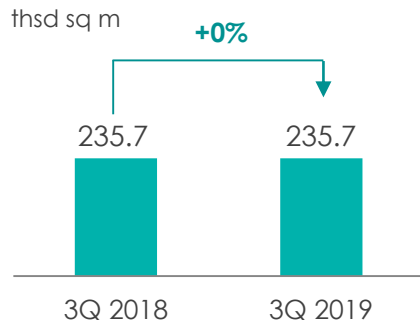
* Primary care clinics

¹ Adjusted OIBDA, the adjusted OIBDA margin and adjusted net profit are adjusted for accruals related to the LTI programme.

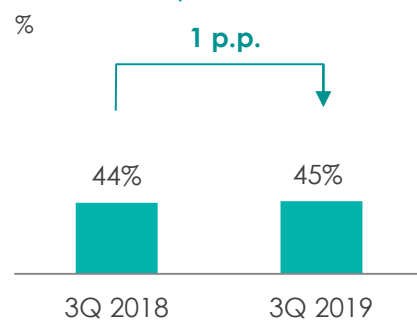
MEDSI: RECORD HIGH CAPACITY UTILISATION OF IN-PATIENT FACILITIES



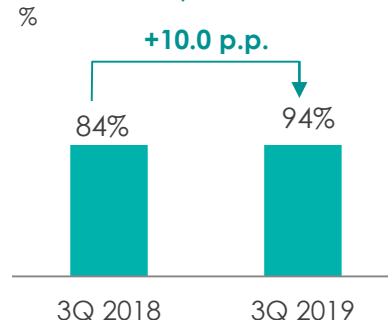
FLOOR SPACE



UTILISATION, CLINICS

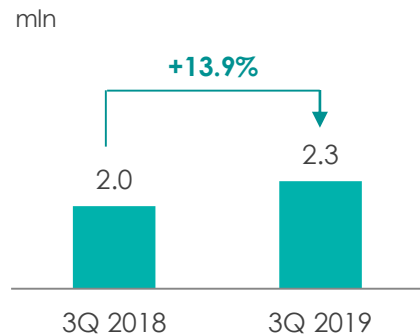


UTILISATION, HOSPITALS

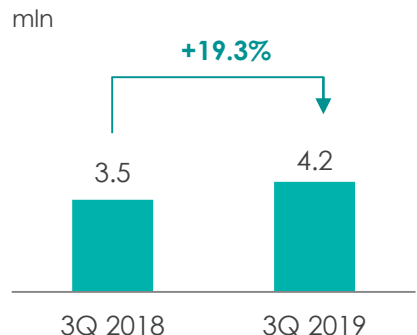


The significant **growth in capacity utilisation** of in-patient treatment facilities is a result of increased treatment volumes across all channels, with MHI acting as the main driver.

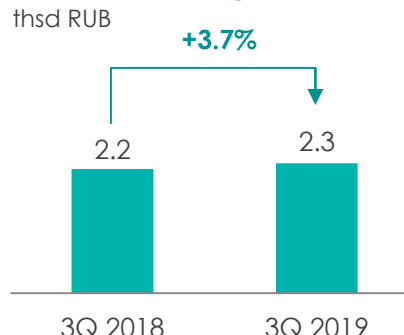
PATIENT VISITS



SERVICES PROVIDED



AVERAGE CHEQUE



¹Metrics in the tables here and hereafter are presented as of 30 September 2019.

²Metrics are for 3Q 2019, where capacity is calculated as the number of possible out-patient visits by patients at Medsi facilities, and visits as the actual number of patient visits for the period.

OZON: INVESTMENTS TO CAPTURE MARKET SHARE AND PROVIDE INNOVATIVE SERVICES TO CUSTOMERS



Key achievements in 3Q 2019

Record growth of GMV: +97% year-on-year in 3Q 2019, which is 3-4x higher than the market growth rate and represents the most rapid growth the company has delivered in 15 years.

Greater share of marketplace in total GMV: in 3Q 2019, the share of marketplace **exceeded 20%**, even though the project has been operating out of test mode for only 8 months.

Dynamic expansion of assortment due to marketplace development: the platform's assortment exceeded 2 mln SKUs with over 12,000 sellers as of the end of September 2019 providing over 40% of this assortment. As of the end of November 2019, Ozon had more than 15 000 sellers.

Ozon's transformation: rapid growth of marketplace and development of services ecosystem

Ozon operates **8 fulfillment centres** with a total area of **over 160,000 sq m** and continues to expand its logistics infrastructure:

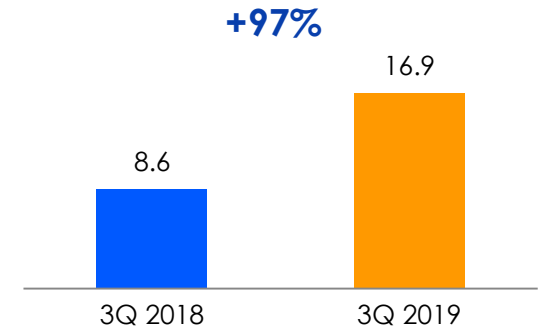
- The first line of **Russia's largest fulfillment centre** was launched in 1H 2019 **in the Moscow region**, and is now able to process **25,000 orders per day**.
- Initial construction work has begun on a **new 38,000 sq m (20,000 sq m of floorspace) fulfillment hub** in the Republic of Tatarstan.
- Ozon operated **Russia's largest network of parcel lockers with more than 4,000** own automated pick-up points and more than **6,000** lockers overall as of the end of September 2019. As of the end of November, total Ozon's network boasts over **7,500** parcel lockers, including **5,900** own automated points.

Launch of entirely **new services to the Russian e-commerce market:**

- **More than 20,000 Ozon.Card bank cards have been issued as of the end of November 2019.** The card offers cashback on all purchases at Ozon and at any other store. Average order frequency for cardholders is 4x per month.
- **Premium Subscriptions service has been used by more than 300,000 loyal customers since its launch in February 2019 until end of November 2019.** After purchasing Premium Subscriptions, customer order frequency rises 2-3x.
- **Door-to-door delivery:** Ozon was the first in Russia to offer door-to-door delivery, where customers don't have to wait for couriers. The trial phase in Moscow was successful, followed by the service's launch in more than 20 other cities in Russia.

Ozon – key highlights

Ozon.ru GMV (excl. VAT), RUB bln

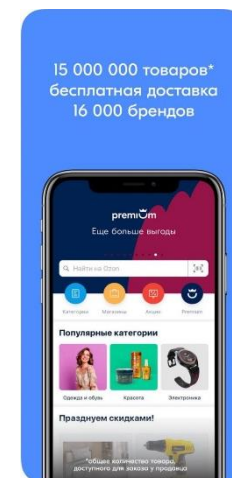


#1

brand recognition
in e-commerce

#1

Multicategory player
in Russian e-commerce
(according to Data
Insight)



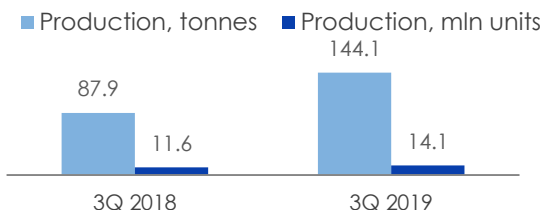
ALIUM: REVENUE GROWTH DRIVEN BY GROWTH IN SALES OF KEY PRODUCTS

alium



RUB bln ¹	3Q 2019	3Q 2018	YoY	9M 2019	9M 2018	YoY
Revenue	2.1	1.9	11.9%	5.3	5.0	5.5%
OIBDA	0.6	0.6	(5.8%)	1.3	1.6	(19.4%)
OIBDA margin	27.0%	32.0%	(5.1) p.p.	24.1%	31.6%	(7.5) p.p.
Net profit	0.3	0.4	(41.6%)	0.6	1.2	(51.0%)
Net debt	6.7	2.5	164.8%	6.7	2.5	164.8%

PRODUCTION VOLUMES OF PHARMACEUTICAL PRODUCTS



In October 2019, **the pharmaceutical holding Alium was established**. Alium's total production area exceeds **70,000 sq m** and includes four high-tech facilities in Moscow and the Moscow region. Alium's diversified product portfolio comprises **approximately 200 drugs** used across various therapeutic areas including respiratory, neurology, cardiology, gastroenterology, infectious diseases and colds, phlebology as well as pain killers.

REVENUE in 3Q 2019 **grew year-on-year by 11.9%** due to growth in sales of promoted products (with the strongest performance shown by drugs such as Neobutin, Reslip, Prostopin, Primaksetin, Maksilak and Decsonal). In addition, Alium's results were impacted by the consolidation of Binnopharm's results starting from 1 September 2019. In 9M 2019, revenue rose year-on-year by 5.5%, which is in line with the pharma market.

OIBDA **decreased slightly year-on-year in 3Q 2019**. The decline in OIBDA in 9M 2019 compared to the same period of 2018 was related to growth in payroll (in connection with a new factory being commissioned), advertising and marketing expenses, as well as a one-off positive effect in 2018 (recovery of a provision for accounts receivable).

NET PROFIT **decreased in 2019 as a result of OIBDA dynamics**, higher depreciation charges associated with the commissioning of a new factory in February 2019, new debt taken on for OBL Pharm's shares buy-out in December 2018, and due to decision to no longer capitalise loan interest from the beginning of 2019.

NET DEBT **rose in 3Q 2019** as a result of the loan obtained to buy out shares in the company in December 2019 (RUB 2 bln), and also due to the consolidation of Binnopharm's debt portfolio from 1 September 2019 (RUB 2 bln).

BUSINESS DEVELOPMENT In 9M 2019, **six registration certificates were obtained** in the field of lung disease, cardiovascular system, gastrointestinal tract and pain-relief medications. By the end of the year, the company plans to obtain new registration certificates in such therapeutic segments as CNS diseases, colds and viral diseases, and bacterial infections. Most of the new products will be launched for sale in 1Q 2020.

¹Management accounts. The results of Binnopharm are consolidated in the financial statements of OBL Pharm for 2019 starting from 1 September 2019. Figures for 2018 are shown on a stand-alone basis from OBL Pharm accounts. Sistema's effective stake in OBL Pharm stands at 26.3% The results of OBL Pharm and Binnopharm are not consolidated in the financial statements of Sistema PJSC.

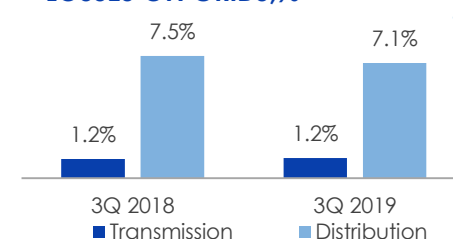
POWER GRIDS (BPGC) AND HIGH-TECH (RTI)



BPGC

RUB bln	3Q 2019	3Q 2018	YoY	9M 2019	9M 2018	YoY
Revenue	5.0	4.5	10.7%	14.9	13.8	8.0%
OIBDA	1.7	1.2	46.6%	4.5	4.2	7.6%
OIBDA margin	35.0%	26.4%	8.6 p.p.	30.2%	30.3%	(0.1) p.p.
Net profit	0.9	0.4	119.2%	2.0	1.8	9.4%
Capex	0.9	1.0	(12.0%)	2.5	2.6	(5.3%)
New connections	4,364	4,893	(10.8%)	11,301	13,047	(13.4%)
Connected power, mVt	87.0	88.3	(1.5%)	211.7	239.7	(11.7%)

LOSSES ON GRIDS, %



Growth in REVENUE in 3Q 2019 year-on-year as a result of higher electricity transmission tariffs and an increase in lease payments for deployment of communications equipment on electricity pylons by third-parties as well as provision of engineering services.

OIBDA rose in 3Q 2019 year-on-year due to revenue dynamics. OIBDA dynamics were also impacted by the net result of provision creation and write-back related to contractual disputes. **The OIBDA margin** increased in 3Q 2019 as a result of growth of other operating income due to a positive change in provisions.

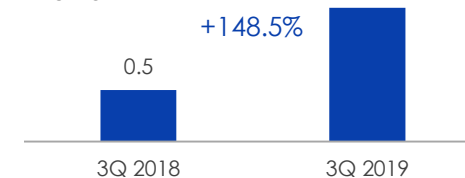
NET PROFIT increased in 3Q 2019 year-on-year in connection with higher OIBDA.

RTI¹



RUB bln	3Q 2019	3Q 2018	YoY	9M 2019	9M 2018	YoY
Revenue	5.4	5.0	9.1%	13.9	14.2	(2.1%)
Adj. OIBDA	1.3	0.5	148.5%	1.6	1.4	10.2%
Adj. OIBDA margin	24.3%	10.7%	13.6 p.p.	11.3%	10.0%	1.2 p.p.
Adj. net profit / (loss)	0.2	(0.7)	n/a	1.7	(2.4)	n/a
Net debt	20.1	29.5	(31.8%)	20.1	29.5	(31.8%)

ADJUSTED OIBDA, RUB bln



REVENUE in 3Q 2019 **grew year-on-year** due to higher work volumes carried out under long-term government contracts. Revenue flow was also impacted by the uneven distribution of revenue throughout the year, as the majority of volumes are concentrated in the last quarter of the year.

Adjusted OIBDA in 3Q 2019 **increased year-on-year** primarily as a result of increased work volumes performed by RTI Group companies, which in turn supported a higher OIBDA margin.

Adjusted NET PROFIT in 3Q 2019 **compared to a net loss** in the same period of the previous year was due to higher OIBDA margins and lower interest expense as a result of transferring part of RTI Group's debt together with microelectronics assets to Element LLC.

Reduced **NET DEBT year-on-year** due to a portion of RTI Group's debt being transferred together with microelectronics assets to Element LLC, but also due to RUB 1 bln in payments that were made on outstanding debt. At the same time, funds totaling RUB 6.9 bln earmarked for work under state contracts are held on RTI's accounts but not factored into net debt calculations.

¹RTI's financial results for 3Q 2019 and 9M 2019 are presented to reflect reclassification of RTI's microelectronics business as discontinued operations, and financial results for 3Q 2018 and 9M 2018 have been revised to reflect the results of this reclassification. In February 2019, RTI Microelectronics, an RTI Group company, signed a legally binding agreement with State Corporation Rostec and JSC Roselectronica to create a combined microelectronics components company called Element LLC. In July 2019, Element LLC was created where the parties contributed their controlling stakes in 19 microelectronics component development, production and design companies.

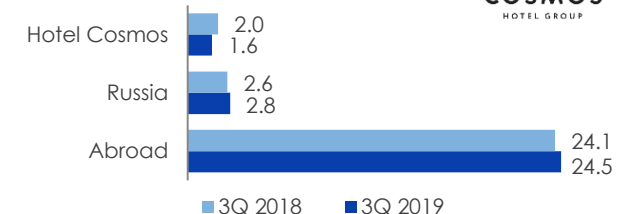
HOSPITALITY (COSMOS HOTEL GROUP) AND RENTAL ASSETS



HOSPITALITY ASSETS

RUB bln	3Q 2019	3Q 2018	YoY	9M 2019	9M 2018	YoY
Revenue	1.5	1.6	(6.7%)	3.8	4.1	(7.3%)
OIBDA	0.6	0.7	(9.7%)	1.1	1.3	(18.5%)
OIBDA margin	39.6%	41.0%	(1.4) p.p.	28.0%	31.8%	(3.8) p.p.
Net profit / (loss) ¹	0.2	0.3	(39.0%)	(0.2)	0.0	n/a
Net debt ¹	3.6	3.9	(9.0%)	3.6	3.9	(9.0%)
Room capacity	4,132	4,049	2.0%	4,132	4,049	2.0%

REVPAR², RUB thsd



The year-on-year decline in **REVENUE** in 3Q 2019 was the result of a high base effect on the back of the World Cup held in Russia in 2018. **OIBDA** and **net profit** followed revenue as a result of the base effect. The share of revenue accounted for by hotels outside Russia declined from 30.7% to 28.8%.

ADR³ across the hotel portfolio in 3Q 2019 declined to RUB 4,400 versus RUB 4,600 a year earlier. Average occupancy in 3Q 2019 grew by 3.2 p.p. year-on-year, and reached 75.4%. Cosmos was the fastest-growing property, with occupancy up 5.0 p.p. year-on-year to 84.0%.

In October 2019, the modernisation and design refurbishment of the Cosmos hotel complex commenced. Completion is planned for 2023.

¹ Based on consolidating reporting combining management and operating companies

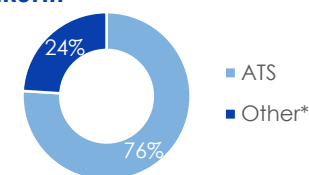
² Revenue per Available Room Per Day

³ Average Daily Rate

BUSINESS NEDVIZHIMOST AND ITS SUBSIDIARY MOSDACHTREST

RUB bln	3Q 2019	3Q 2018	YoY	9M 2019	9M 2018	YoY
Revenue	2.4	1.3	78.3%	4.8	3.3	45.2%
OIBDA	1.7	0.5	280.1%	3.4	1.3	165.2%
OIBDA margin	72.3%	33.9%	38.4 p.p.	71.2%	39.0%	32.2 p.p.
Net profit	1.2	0.2	510.9%	2.2	0.6	297.3%
Net (cash position) / net debt	(0.6)	(0.5)	4.3%	(0.6)	(0.5)	4.3%

PORTFOLIO OF ASSETS UNDER OWNERSHIP



*Including warehouses, cottages in Moscow and the Moscow region, other commercial buildings

In 3Q 2019, **REVENUE** from Sistema's rental assets rose year-on-year, driven by an increase in commercial real estate sales and growth in the rental portfolio following Business Nedvizhimost's acquisition of 54 ATs from PJSC MGTS in February 2019. The company sold 22.68 thousand sq m in 3Q 2019, up from 18.7 thousand sq m in 3Q 2018. Sale of land plots declined from 134 thousand sq m in 3Q 2018 to 106 thousand sq m in 3Q 2019. Revenue growth as a result of the expansion of the portfolio of rental assets amounted to RUB 339 mln in 3Q 2019.

OIBDA and the **OIBDA margin** in 3Q 2019 posted strong growth as a result of higher revenue and a higher share of higher-margin commercial real estate sales.

NET PROFIT grew in 3Q 2019 year-on-year primarily due to OIBDA growth.



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